



Placer County Health and Human Services Department

MEMORANDUM Environmental Health Division

Date: January 15, 2008
To: Jim Gandley, HHS Assistant Director
From: Jill Pahl, R.E.H.S., Environmental Health Director
Subject: Placer County Environmental Health Proposed Fee Increase Meeting of January 9, 2008

The purpose of this memo is to summarize the results of the January 9th public workshop on Environmental Health Fee Increases; to summarize the findings of all five workshops held since November, 2007; and to request to proceed with this to the Board of Supervisors hearing on February 5 so that we can provide additional information to our regulated community of any approved changes.

Four public workshops have been held since November, 2007. A fifth public workshop was held on January 9, 2008 in Auburn. Attached is a list of the attendees and most of the call in phone attendees. This was the most widely attended workshop of the five and had the broadest representation of the regulated community (Well Drilling, Pools, Foods, Small Water Systems, Hazardous Materials Facilities, Public Schools and Facilities, etc.)

BACKGROUND

- Environmental Health has been asked by the Board of Supervisors to find ways to reduce \$2.3 million in general fund money.
- Environmental Health fees have not been reviewed in 15 years. The fees have been increased only by the CPI, which has not kept pace with the true cost of service. and the level of effort. Mandated changes for programs and efficiencies were incorporated into the rate methodology.
- Environmental Health followed a Sacramento County model methodology to calculate the proposed fees for Placer, which has been successfully used for many years in that County for establishing fees. Sacramento County has been fully supported by fees for many years using this methodology. Mandated changes for programs and efficiencies were incorporated into the rate methodology.
- The proposal to be presented to the Board is for the fees to be in effect for two years with an annual CPI for two years. On the third year levels of service would once again be reviewed thru a full rate methodology review and adjustments recommended to reflect the true cost of service.
- The number of facilities has doubled in the last five years but the number of staff has not increased. This has resulted in some cost savings, but also a reduction in the level of service provided by this Division.
- Environmental Health has mailed out two sets of postcards to all regulated facilities and interested partners (3,250) plainly stating that there are significant fee

increases proposed for most. A flyer was also included in the invoices sent out in December.

- A total of 5 workshops were held since November, 2007. A total of 1% of the regulated community attended.
- There is a Public Hearing at the Board of Supervisors tentatively scheduled for February 5th.

SAMPLE OF COMMUNITY COMMENTS RECEIVED

The following is an attempt to summarize the key issues discussed at the five public workshops. Comments are not word-for-word quotes, but have been paraphrased in attempt to state the issues discussed. There was a general undertone of anger and frustration expressed at the meetings, while at the same time an understanding of the need to charge our true cost of service.

"Raising fees will have a negative impact on an already depressed economy."

"You have these meetings but you already know what you are going to do."

"The Board of Supervisors should be here at this meeting."

"Placer County is hostile to small businesses."

"I feel like I am paying for those fancy new buildings out at Dewitt."

"The inspections I pay for are still the same but the inspector now comes out with a \$1,000 laptop instead of a clipboard."

"Is this fair?"

"The County has taxed us and we are in the worst downhill recession that our generation has seen."

"California Restaurant Association said that the biggest problem it sees is that the County seems to be trying to recover a loss in one fail swoop, with increases anywhere from 50 to 200 percent."

"This feels like a tax is turning into a fee without a vote going on."

"I would like to see the connection between service provided and the fee."

"Fees should be set on business volume (or altitude)."

"Denio's has 58 health permits, of which 21 are vendors that is 2.5% of the County's health permits. With the proposed fee increase we will then be subsidizing 1% of the 2\$.3 million, this means it equals out that our inspectors cost \$1,000 an hour to come out and inspect."

"We cannot pass this fee on to our customers, we will have no customers."

"The Grocers Association would like to see continued talks and increases in fees over time."

"Camp facility in Foresthill may not be able to open if the fees pass. It is not fair and the fees should not increase all at once."

"When we don't have the money we have to layoff people or go out of business. We don't get paid vacations or sick days."

"The meeting flyers need to be more direct and brighter so everyone knows that this impacts them."

"Send a Press Release to the papers."

QUESTIONS RAISED BY THE WORKSHOP PARTICIPANTS (I may have added more here on afterthought than what was spoken at the meeting. We had a very animated conversation going.)

Q: What is the actual number of mandated inspections by the State for the different programs?

A: It varies by program. For example Hazardous Materials, Hazardous Waste, Solid Waste, and Small Water Systems programs mandate specific frequencies for different types of facilities. The Foods and Pools programs don't have mandated inspection frequencies. The Food program requires an operating permit from the local enforcement agency. A twice per year inspection frequency is used by many counties and cities across the state, with re-inspections as needed. Our experience is that the longer the time between inspections that many facilities slide further from safe food handling practices. This is not for all facilities, but a general observation.

Q: How does Placer County's fees compare with other Counties throughout the State?

A: Fee categories don't match for many Counties, but a few indicator similar fee categories show that there are some higher and some lower varying by approximately \$300 either way.

Q: What will the additional income be for Environmental Health at the end of the (full) year of fees?

A: 2.3 Million to replace the current general fund input.

Q: So that will just cover the general fund contribution nothing more?

A: Yes it will cover just what the general fund has contributed nothing more. We can only collect fees for the services we conduct. We can not collect more than the actual cost of service.

Q: Then where does the 2.3 million dollars that the general fund will not be paying out to you go? Who gets that money?

A: Many Departments receive general fund monies. During the County's budget process, the Board will allocate where general funds are used.

Q: Isn't the general fund made up of the money that we the tax payers already pay? Now we have to pay again with the fee increases?

A: Environmental Health provides mandated services to regulated businesses and persons. General fund monies come primarily from property taxes that are paid by all property owners, including the regulated community.

Q: If facilities have doubled but staff has not then your revenue has increased from the additional facilities, correct?

A: Yes we are getting additional revenue, but it is not enough to cover the expenses.

Q: Well Drilling fees go to support the (County) Lab/water testing, correct (which is my competitor)? Prior Directors have said this to be the case.

A: No. No fees are collected on behalf of the County Public Health Laboratory or distributed to them from Environmental Health's revenues.

Q: Will the fee proposal remain the same for the February 5th meeting or will it show the increase over a couple of years?

A: No, at this time the proposal is the same since our direction to this date has been to remove the general fund influx.

Q: What are they (BOS) doing with the money (\$2.3 million not going to E.H.)?

A: About 75% of Environmental Health's budget is Salary and Benefits. The remainder is services and supplies which includes phones, computers, office supplies, etc.. The Division has initiated the use of field computers to streamline reporting and provide immediate compliance assistance to the regulated community. The Board reviews the budget annually and designated where the general fund will be used.

Q: How much did the new building cost?

A: Construction costs were about \$22 million. This was paid from a variety of sources, but primarily from development fees and saved funds. The building was not financed.

Q: How many food facilities are exempt in the County?

A: There are 4 pools, 13 Hazardous Materials facilities, and 129 Foods. Of the Foods 95 are public schools, 29 are Veteran's exempt, 3 are church related, and 2 are Boys & Girls Club. We will be meeting with the Schools in the near future to discuss the payment of fees for our services or the discontinuation of our services.

CHALLENGES ENCOUNTERED WITH HOLDING THE MEETINGS

- There was an issue with the email notification to the Roseville Chamber. They are an active participant in the discussions, but due to an error in an email address I had for them, they were unable to join the conversation until later in the workshop. An email notification from the Roseville Chamber to its 550 members for a previous meeting did not result in significant attendance at the workshop.
- All of the regulated communities and interested parties did receive two postcard notifications of the meetings from us to the mailing address that their invoices are sent.
- The conference phone discussion was also a difficult aspect. Due to the difficulty in finding a large meeting room with a phone line and to a digital line versus an analog line necessary for the enhanced speaker conference phone participation, the call-in audience had some difficulty hearing and adding to the meeting. We hope this summary can be disseminated to cover the totality of all that was discussed. I am available at any time to talk to interested parties and take in any additional comments.

SUMMARY

We have had a total of 5 public workshops since mid November, which included one meeting in Tahoe. The first four workshops had attendances of 1, 2, 2, and 5 respectfully. Both the original set of workshops and this last workshop had postcards sent to all 3,250 regulated facilities and interested parties. Future meetings should be used to help with future operational implementation changes and fee category reviews after the Board of Supervisors' direction on February 5.

I welcome any interested party's input and always find a helpful suggestion in the mix of comments. These workshops have helped in that regard, to help us understand the issues of our regulated community.

Although there was an overall feel of anger and frustration at the meeting, there was also an understanding of the need to charge our true cost of service. The result of the meeting is an understanding by Placer County Environmental Health that the source of the anger and frustration is that the suddenness of a full cost recovery fee increase is unreasonable for their business concerns, and an increase over time would be more reasonable and acceptable. It was expressed that a phased approach would allow businesses need to implement any changes in their annual business planning.

I am always available to discuss this issue further and appreciate all input.